UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

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(ETH/78/007)
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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF ETHIOPIA

Geothermal Power Development
(Phase II) (ETH/78/007)

Report of the Administrator*

Date of present approval :	March 1979
Starting date of project activities :	October 1978
Planned completion date :	December 1981
To be executed by :	United Nations
Government implementing agency :	Ministry of Mines, Energy, and Water Resources
Estimated cost of assistance planned under present approval :	$1 599 600
Source of UNDP financing :	Indicative Planning Figure (IPF)

I. Background

1. Present projections for electrical power consumption in Ethiopia indicate that additional generating capacity will be required as from 1986. UNDP's assistance toward the development of an economically exploitable reservoir of geothermal steam in the Lakes District area since 1969 1/ has led to the last phase, in which power derived from this source is expected to add to national energy output in the mid-1980's, just when the growth in domestic demand will justify it.

II. Objectives and activities

2. During the Phase II project, the drilling of the first successful exploratory well is expected to lead to the drilling of evaluation wells, which will in turn be followed by production wells. Success at this stage would then prepare the ground for tests to determine the capacity and optimum operating conditions for the reservoir.

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*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of $250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

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3. The development objective of the project will be to develop and harness proven geothermal resources with a view to increasing electrical power production in the country as a whole.

4. Its immediate objectives are to: (a) establish, through test drilling, the existence of sufficient geothermal steam resources to fuel an economically viable power plant in the Lakes District area; (b) make recommendations dealing with technical, economic, financial, organizational, and other aspects relevant to the feasibility study of the generating plant; and (c) help to train national personnel in related aspects of geothermal resources exploration and plant operation and thereby develop the national capacity to continue this type of work elsewhere in Ethiopia.

III. Inputs

5. UNDP will provide for a personnel component consisting of a chief technical advisor, a drilling superintendent, a well-site geologist, and short-term consultants: fellowships aimed at training Ethiopian nationals in various aspects of geothermal resources exploration, development and management; equipment; and miscellaneous project costs.

6. The Government will on its part provide for the services of various personnel - technical, administrative and support - as well as for contracts in respect of drilling equipment, transport, construction of access roads, water supply, etc. It will also provide for various types of expendable equipment and supplies including fuel, drilling fluid, cement, etc.

IV. Financial data

7. The expenditure components of the planned assistance are as follows:

	Present approval
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Experts	495 300
Training	63 700
Equipment	1 002 600
Miscellaneous	38 000
	1 599 600

8. The estimated total value, expressed in US dollars, of inputs provided directly by the Government to the project is $7,525,919.

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